

**FISCAL NOTE**  
**HB 3035 - SB 3224**

March 26, 2004

**SUMMARY OF BILL:** Prohibits payroll deductions by public employers for anything except: taxes, donations to charitable organizations, savings, insurance and other similar benefits. The bill would also require written authorization for deductions and certification of all parties that receive deducted funds.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$116,000 One-Time**  
**Exceeds \$40,000 One-Time FY04-05**  
**Exceeds \$23,000 Recurring FY05-06**

**Increase Local Govt. Expenditures\* - Exceeds \$100,000 Recurring**

**Other Fiscal Impact - The state currently plans to move to electronic enrollment in deferred compensation and retirement plans. This move is expected to result in a savings to the state exceeding \$125,000 annually. According to the provisions of this bill, this change would not be allowed. Therefore, there would be an unrealized savings to the state exceeding \$125,000 annually.**

Estimate assumes:

- The one-time expenditures associated with this bill are for systems changes required by the Department of Finance and Administration.
- Increases in state expenditures for FY04-05 are for the cost to certify recipients of deductions, the cost of collection for overpayment on employee pay and maintenance payment deductions. It is assumed that an amount exceeding \$5,000 that is currently collected through payroll deductions would go uncollected.
- Increases in state expenditures for FY05-06 and thereafter are for certification of recipients of deductions, the cost of collections for overpayment on employee pay and maintenance payment deductions, an amount exceeding \$5,000 that is currently collected through payroll deductions that would go uncollected.
- The state would not be able to follow through on plans to move to electronic enrollment in deferred compensation and retirement plans. The combined savings of such a change was expected to result in a savings to the state exceeding \$125,000 annually.
- Increases in local government expenditures would also occur for systems changes, certification costs, collections efforts, and other costs associated with the implementation of the provisions of this bill.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director